



REFLECTIONS

A monthly source of information for members of the Adventist Retirees Association.

Healthcare – The Debate

In November's issue I commented on the on-going debate regarding healthcare in this country. I had hoped that by now the situation would have resolved itself, and some issues are becoming somewhat clearer. Today I'm traveling to an annual workshop for retirement administrators from different denominations, and the subject of healthcare has a major place on the agenda. The subject is complex and dynamic. Years ago while doing graduate work I studied healthcare delivery in ten different countries. I don't pretend to understand all of the issues.

Recently I spent a delightful few days with a group of retirees, and we discussed the issue of healthcare within the context of the on-going debate. There was a level of frustration exhibited by the group who tended to see a government

over-reaching and imprudently ignoring the long-term implications of national debt. In response to my November article, a couple of retirees wrote and took me to task for over-reaching and imprudently ignoring the plight of those who don't have healthcare in this country. It was not my intention to offend, but I did so. I apologize.

We will continue to observe what impact any changes may have on how we provide supplemental healthcare assistance to our Church and Educational Retirees. I don't anticipate changes in the short term. Our Rx option continues to provide access to prescription drugs; our Dental/Vision/Hearing option provides assistance that few retirees receive at all; the safety net provisions of both the Base and MCx options assist retirees with the assurance that their personal Medicare expenses are limited even in catastrophic years.

Benefits Processors Alphabet Re-Distribution:

Queries and service requests in our office are distributed to our staff alphabetically, according to the first letter of the last name of the retiree:

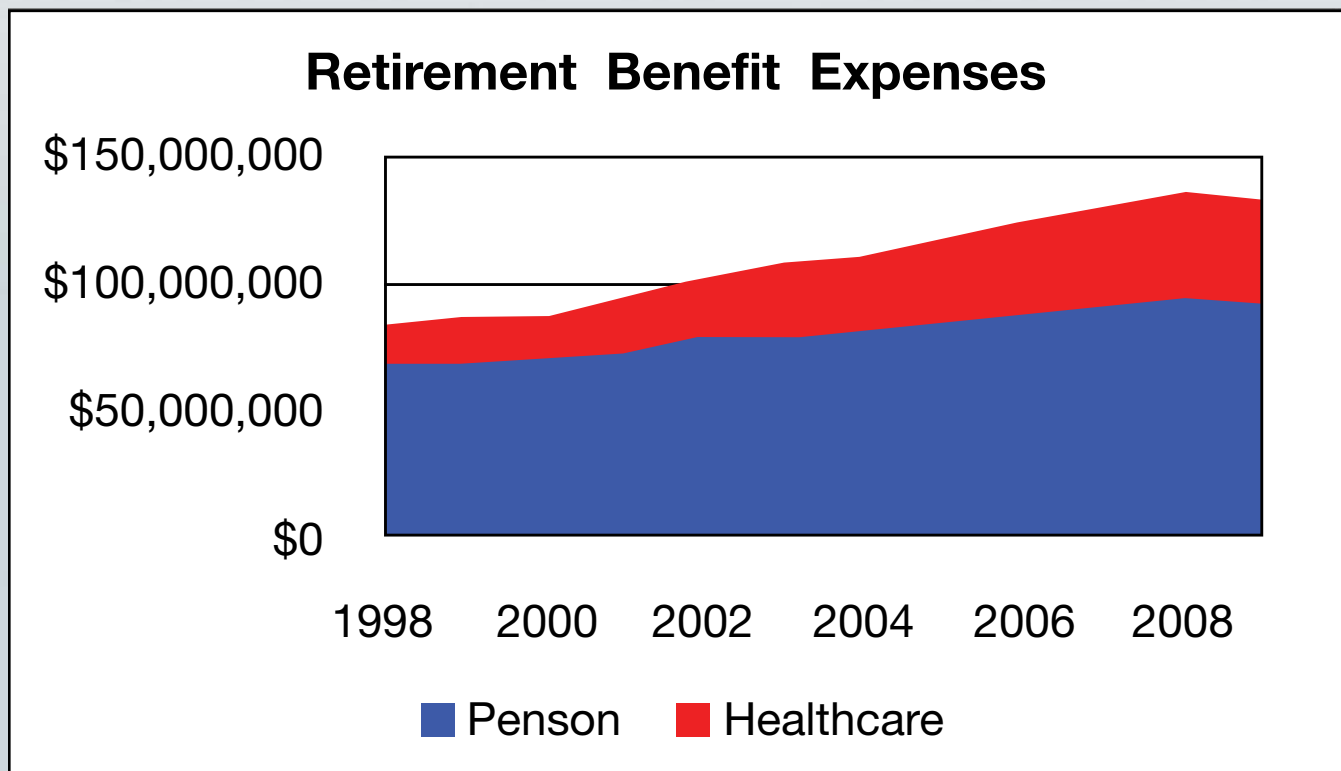
A, L, Q	Karin Dortch	301-680-6248	karin.dortch@nad.adventist.org
F,I,J,O,V,W,X	Diane Gatling	301-680-6289	diane.gatling@nad.adventist.org
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B, P, U, Y	Tara Mead	301-680-5212	tara.mead@nad.adventist.org
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Pension Benefits Trends

Church Retiree pension and healthcare costs may show a decrease in 2009, although end of year medical claims could change this picture. The graph shows the trend from 1998 through an annualized 2009. One possible reason for this is that new retiree applications are below expectations for 2009. We are currently entering the ‘foothills’ of a demographic bubble, and should see an increase in new retirees, however some employees are delaying retirement until economic conditions improve. The graph also shows the increasing size of healthcare assistance costs relative to the monthly pension.

Retirement operates seven different plans for denominational employees. Interestingly next year will record one hundred years since our church voted to operate a ‘Sustentation Plan.’



COLA & SHARP

Each January we announce any Cost of Living adjustment for the next year. By policy, the COLA for hospital service credit is always 2.5%. For church service credit, any increase for active employees and retirees is voted at NAD Year-end Meetings. In November, church leaders again faced challenging financial issues. Tithes have declined during 2009 across most conferences. Conferences and other employers have been struggling, in some cases laying off staff in order to stay solvent. The decision was made to not provide a Cost of Living Adjustment for active church employees during 2010. Since the funds used to pay retirement pensions come directly from these same employers, 2009 tithe and payroll reductions drove the retirement plan revenues down, resulting in a decline in reserves. Thus NAD reluctantly chose to not provide a COLA for church retirees this year.

The impact on your direct deposit depends. If you have qualifying hospital service credit, you will receive a COLA for that service only. If you only have church service, your benefits will remain the same in 2010. Last year some of our retirees got no COLA, but also had an increase in SHARP charges, resulting in decreased net deposits. This year we have

frozen SHARP charges, so that should not happen.

It is not easy to write this news. While the economy appears to be coming back, and some of the investment loss incurred has been recovered, the financial lifeblood of the church is still down. While government numbers show 'negative inflation' for our benchmark period of July to June, retirees assure me that their expenses continue to rise.

While we have taken some hits, neither our banks nor our investment companies have failed. I am repeatedly assured that church leaders intend to continue to support the retirement plan. The long-term ability of the church to continue to fund retirement benefits depends on prudent action in challenging times.

May the Lord continue to bless us as we struggle through difficult times.

SHARP Seminars for Retirees

Our SHARP staff will be planning several SHARP Seminars during 2010 and 2011 in various locations where we have concentrations of retirees. The 2010 SHARP booklet is now on our web site and available for downloading. www.nadadventist.org/ret Click on the "Retirees" link and then on "Downloads" and you'll find the SHARP booklet. If you are unable to download the new booklet, feel free to drop us a note and we'll send you a copy.

Medicare B Reimbursement

According to Medicare, Medicare B contribution will not increase for most people in 2010. Thus for those eligible for Medicare B reimbursement, there will be no change in that benefit.

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This Month: **Jan. 27**

Next Month: **Feb. 26**

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